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Floor Statement of Sen. Chuck Grassley, of Iowa
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Re: Democratic Leadership's Attack on President Bush's Fiscal Policies
Tuesday, Oct. 1, 2002

Mr. President, I rise today to respond to a coordinated attack by the Democratic leadership on President Bush. The drumbeat started sounding about two weeks ago. The distinguished majority leader, Senator Daschle, took the lead in a Senate floor speech. He was joined by others in the Democratic Leadership who pummeled the President and used many colorful charts and other props. I was tempted to respond at the time, but the Senate was locked in debate on another matter, so I deferred.

The attack basically blames the President for all that ails our economy. An article in the Wall Street Journal, dated September 18, 2002, the day the attacks started, summarized the strategy and substance. I ask unanimous consent to put a copy of the article in the record.

I'm going to quote from a paragraph in the article:

"In a Senate floor speech he plans to make following a breakfast meeting with Mr. Bush, Mr. Daschle .. is expected to say the president's policies are responsible for U.S. job losses, weak growth, declining business investment, shrinking retirement accounts, an erosion in consumer confidence, rising health care costs, vanishing budget surpluses and record executive pay."

Indeed, we have seen our Democratic friends, on several occasions, use charts with the listing referenced in the article.

So, Mr. President's let's be clear on the attack. According to the Democratic Leadership, the President's policies are the cause of job losses; weak economic growth; declining business investment; shrinking retirement accounts; an erosion in consumer confidence; rising health care costs; vanishing budget surpluses; and record executive pay.

I'll tell you that's an awesome amount of power in one individual. There's a little bit of irony here. Sen. Daschle ascribes so much power to the President that he seems to be a king. Maybe this much power makes the President an emperor, according to Senator Daschle. Now, how many times have we heard the distinguished Chairman of the Appropriations Committee, Senator Byrd, say the President is not a king. Who is right? Is it Senator Daschle who has made the President an imperial figure? Is it Senator Byrd who says the President is not a king? Think we need to work that out. My view is that reality and history favor Senator Byrd on this one.

So, let's go through the Democratic leadership's attack, point by point. According to Senator Daschle, the President single handedly fired millions of workers. Funny, I thought employers laid off workers, not the President. Seems to me the President can fire political appointees, like White House staff, but don't think he can fire every federal worker in America. Heck, right now, we're hung up on homeland security in a fight over the extent of the President's powers with respect to workers in the Department of Homeland Security.

Let's take a look at the next charge. All, by himself, the President slowed economic growth. Funny, I thought we had a global economic slowdown, war on terrorism, overcapacity in telecom, a bubble in the stock market during the Clinton years, might have had something to do with it. Not according to Senator Daschle. No, under the Democratic leadership's theory, it's all the fault of the President.

Now, let's look at the third charge. Declining business investment is all George W. Bush's fault under the Daschle theory, too. Funny, I thought businesses made investment decisions. And actually, the stimulus package pushed by the President, well, that hasn't had any effect, according to the Democratic leadership. Guess the business cycle doesn't exist under Daschle economics.

Let's turn to the fourth charge. Democrat leaders blame recent declines in 401(k) accounts all on President Bush. Senator Daschle seems fixated on the recent stock market decline. I have a lot of concerns myself. The Democratic leadership, however, seems obsessed with assigning blame. By contrast, folks out in the heartland tell me they want us to look forward and do something. They don't want a bunch of political finger pointing.

If we look forward, we see some very good things in the area of retirement security. In fact, last year's bipartisan tax relief bill contained the largest expansion of tax incentives for retirement security in a generation. There's \$50 billion in new incentives. I guess Senator Daschle's opposition to the largest increase in IRAs and 401(k) account contributions in last year's tax bill doesn't matter. So, while some may want to find fault, constructive legislators can point to bipartisan initiatives on retirement security that workers can look forward to in the future. Why scare workers and whip up anger? Why not work together? Why not recognize some of the good we do around this place, like the retirement security package, that phases in as part of the bipartisan tax relief legislation? Why not bring up the bipartisan Finance Committee pension bill? I introduced it early this year as a consensus document and the Finance Committee approved it. Let's get out of the partisan blame game and do something bipartisan for workers. Let's build on what we did last year.

This brings us to the fifth charge. Sen. Daschle blames an erosion in consumer confidence all on President Bush. Funny, seems to me that the President, though an important leader, can't stimulate consumer confidence all by himself. What he can do is propose to return more taxpayer money to taxpayers. As policymakers in a time of slackening demand, we hope consumers will spend the extra tax dollars left in their pockets. So, the Bush tax cut, the largest tax cut in a generation, with checks to every taxpayer, which the Democratic leadership opposed, had a negative effect on consumer confidence. That's the charge Senator Daschle made. More money to spend for every American on their needs, negatively affects their confidence, so goes the charge. Got to tell you, Mr. President, that makes no sense to me. In the parlance of a hunter, that dog won't hunt.

Let's turn now to the sixth charge. The Democratic leadership says rising health care costs are all the fault of the President. Funny, last time I checked the President isn't a physician. He isn't a nurse. He isn't an insurance company executive. He isn't a pharmaceutical executive. He isn't the trial lawyer that sues the physician, nurse, or hospital. He doesn't send you your health care bill.

None of that matters. It doesn't matter. No, Mr. President, ignore market dynamics and other conditions. According to Daschle economics, the President, all by himself, is responsible for rising health care costs.

Now, I'd like to turn to the seventh charge. Vanishing budget surpluses are all the President's fault, according to Senator Daschle.

According to the Democratic leadership, their spending demands don't matter. The recession doesn't matter. The money for rebuilding New York, bailing out the airlines, or fighting the war, all unanticipated bipartisan responses to unexpected events, all of that does not matter. Nope, Mr. President, under Daschle economics, it's all the fault of President Bush, plain and simple. Well, fair-minded folks back home know it's not that plain and simple. And they're right. More on that in a minute.

Now, Mr. President, I'd like to talk about the eight and final charge. Hold on to your hat. This one is pretty amazing. According to the Democratic leadership, record executive pay is all the President's fault. Apparently, Sen. Daschle thinks the President votes every share, controls every board of every corporation that has suffered from excessive executive pay.

So, folks like Terry McAuliffe, the DNC chairman, who profited from insider deals, are not accountable for their own actions. The boards, oh, they don't matter, according to Daschle economics. Oh, and another thing, ignore the fact that a lot of these sweetheart insider deals occurred long before President Bush took office. Don't that little fact get in the way.

Mr. President, how can anyone take this charge seriously? The President no more sets executive pay than you or I do. It's true we can affect how executive pay is taxed or its disclosure.

So, let's be clear. Either the President is an imperial figure or the charges made by the Democratic leadership are without merit. Both cannot be true in a modern global economy.

Now, Mr. President, I'd like to take a few minutes to talk specifically about the bipartisan tax relief package enacted last year.

Despite the sky-is-falling partisan opposition during the tax cut debate last year, the passage of time tells a different story. And it discounts the fictitious picture of gloom and doom portrayed last year by the my big spending friends.

According to revised economic data released by the federal government in August, the economy started to falter earlier than previously believed. The figures show the economy started negative growth as early as January 2001. This proves the economy needed a shot in the arm sooner rather than later to get things rolling again. What's more, the primary weakness causing the economy to sputter was lackluster business investment, not waning personal consumption.

Clearly, the job-creating engine in America needed a tune-up. And that's just what the president set out to do when he took the oath of office. A cornerstone of his campaign for the White House, the president made good on his pledge to return more hard-earned money to the working men and women in America.

As the chairman of the Senate Finance Committee at the time, I had the privilege of steering the largest federal income tax cut in a generation through the Congress. The best way to grow the

economy is not by growing government. It's by allowing the industrious people of the United States to manage their own money.

Reducing marginal tax rates on income and investment was exactly the right policy prescription to cure sluggish business investments and prime the pumps that enable American entrepreneurs, small business owners, manufacturers and corporate employers to grow the economy and create jobs.

Letting workers, investors, entrepreneurs, employers, families and retirees to keep more of their own money unleashes a chain reaction. They'll spend it. Save it. Invest it. Open a small business. Pay higher wages. Buy a house. Upgrade manufacturing equipment. Pay for higher education. The list goes on and on.

It's a fundamental principle that policy makers need to remember. Money recycled through Washington doesn't squeeze the most bang out of the buck.

And yet plenty of critics continue to blame the "Republican" tax cut for the federal budget shortfalls. Lest they forget, more than one-quarter of the Democratic caucus in the Senate voted for the tax cuts.

In an election year, too many candidates still like to divide the American electorate, pitting the "rich" against everyone else.

I'm sure voters will get their fill of statistics claiming that the Bush tax cut hands out 40 percent of the benefit to the top one percent of taxpayers. This is not merely misleading, it's false. Some folks must be under the impression that as long as something is repeated often enough, it will become true.

The facts certainly are thorny little details for the critics of the bipartisan tax relief package. According to the Joint Committee on Taxation, Congress' official non-partisan scorekeeper, the federal tax code became more progressive with the tax relief package. And taxpayers in the lower to middle income brackets get the biggest break. For example, taxpayers with incomes between \$10,000 and \$20,000 will see their taxes reduced by almost 14 percent when the tax cut takes full effect. Taxpayers with over \$200,000 will see their taxes reduced by barely six percent.

And as for the budget, the bipartisan tax cut was a minimal factor in the federal government's surplus-to-deficit situation. In its first year, the tax cut accounted for just eight percent of the shortfall. Indeed, increased spending outpaced the tax cut by \$6 billion. Over the long-term, the 10-year surplus declines from \$5.6 trillion to \$300 billion. Of that drop, the tax cut represents 33 percent of the decline, or about \$1.7 trillion.

Those who are looking to lay blame need to point their fingers at Congress' appetite for spending. Folks who decry the tax cut should instead weep with hard-working taxpayers about Uncle Sam's bite out of their paychecks. The Bush tax cut saved Iowa households \$752 on average in its first year.

Even with the tax cut, the federal government takes 19 cents out of every dollar earned. That's a record tax burden higher than any decade since World War II.

Thanks in part to the bipartisan tax cut enacted last summer, things are starting to turn back

around. Weaknesses persist in the manufacturing and employment sectors, but the U.S. economy is as resilient as the spirit of the American people. Lowering the tax burden in America triggers growth, creates jobs and spreads economic opportunity. Plus, tax cut opponents need to be reminded that a bigger economic pie will dish up a bigger slice of revenue to fulfill the government's priorities, including homeland security.

As the top Republican on the Senate tax-writing committee, I will continue championing pro-growth economic policies. That includes making last year's tax cuts a permanent part of the tax code.